



March 9, 2011

RE: SB 990, An Act Concerning the Prevailing Rate of Wages

Good afternoon. My name is Francis S. Delaney; I am president and owner of West State Mechanical, Inc. an open shop mechanical contracting firm, incorporated in Connecticut in 1982, located in Torrington and employing twelve office and field personnel. I am also a long term member of the Northwest Connecticut Chamber of Commerce and its Government Relations Committee (Past Chairman) as well as the National Federation of Independent Business (NFIB) and that organization's Leadership Council. In my nearly 40 years in the construction industry I have experienced many changes in the business climate in Connecticut, the great majority unfortunately not for the good. As you are all aware, Connecticut is an expensive state to live and do business in. Connecticut is among the last in the country in ranking in virtually every measure, from energy costs, to health care, unemployment compensation and workers compensation among the most onerous. Another category that I add today is imagination; whereas the state should be trying to make the business climate more favorable, burdensome laws and mandates are regularly passed that make it less and less attractive to be in Connecticut. Today you have the opportunity to make a positive change in one area, the subject of today's hearing, Prevailing Wage thresholds which have not been raised in 20 years.

One of the many challenges for any small business is finding and acquiring work to keep its business in operation. In the case of my company, we are not residential in nature and the great majority of our work historically has been commercial and industrial. As the manufacturing businesses have left the state over the years, more and more of our work has to come from other sources to stay in operation. One avenue that my company has pursued is municipal work for the various towns and cities as well as the State of Connecticut. West State has established relations with many of the towns and cities in Western Connecticut including West Hartford, Torrington, Winsted, New Milford, Colebrook and Harwinton to name a few. In looking at projects over the years, one of the great stumbling blocks in smaller projects is the Davis-Bacon requirements. This is because many worthwhile projects are stymied due to the escalation in cost when a renovation cost runs over the \$100,000.00 threshold or a new construction project runs over the \$400,000.00 mark for new construction, substantially raising the total cost.

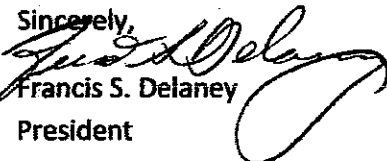
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The following illustrates the added cost for so called "prevailing wage" labor cost, which as you are aware is defined as union wage scale in Connecticut. I recently installed a boiler under the American Recovery and Reinvestment Act which required the payment of "prevailing wages" even though the project was less than \$100,000.00. In this case the price for the installation based on "prevailing wage" (union) labor rates was \$42,690.00. Had the project been priced at our standard rates (which are commensurate with other non-union companies) the cost would have been \$36,730.00 a savings of 14%. Additionally, administrative costs to compute and file the weekly wage reports added another overhead expense amounting to another 2% which could have been saved from the overall costs had this not been "Prevailing Wage". A larger project that we previously completed was estimated at \$637,000.00 but could have been reduced in cost by over \$75,000.00 had the Davis-Bacon provisions not applied. The same personnel performed the installations, the only difference would be the wages paid.

The point is that were the thresholds for the "prevailing wage" elevated the cost to the towns and cities for projects could be reduced, taking pressure off them to raise property taxes to remain solvent. More projects could be undertaken, putting more people to work while improvements in buildings and energy efficiency accomplished at less cost to the taxpayer and with no loss to the integrity of those installations. Allegations made that union workers are better trained and more knowledgeable than their non-union counterparts are simply false. I can attest that my employees are as well trained as any in the field; by necessity we are obligated to stay current in the many technological changes to remain competitive in our industry. I have had my employees attend classes as far away as Texas and California, and we are constantly renewing our training and expanding our knowledge cognizant that this is critical in the performance of our work and is a customer expectation.

Since 1991, when the current levels were set for prevailing wage work, eggs have increased from .85/ dozen to \$3.00, pork chops from \$1.98/lb to \$5.00, and gasoline from \$1.12/gal to \$3.69 or more. In that same period the State's annual budget has increased from \$8 Billion to \$20 Billion. This is an opportunity to lower costs for the municipalities while improving the business environment and creating jobs, a win/win with no down side. I believe raising the thresholds to \$200,000.00 for renovation and \$800,000.00 (or more) for new construction merits consideration by the entire General Assembly and should be given your approval. Thank you for your consideration and the opportunity to participate in Connecticut's economic revival.

Sincerely,


Francis S. Delaney
President